

AN ACT

ENTITLED, An Act to revise certain provisions relating to the modification of credit card agreements.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 54-11-10 be amended to read as follows:

54-11-10. Upon written notice, a credit card issuer may change the terms of any credit card agreement, if such right of amendment has been reserved. However, the following changes to the credit card agreement, effective as to existing balances, do not become binding on the parties if the card holder, within twenty-five days of the effective date of the change, furnishes written notice to the issuer, at the address designated by the issuer, that the card holder does not agree to abide by such changes:

- (1) Modifying the circumstances under which a finance charge will be imposed;
- (2) Altering the method used to calculate finance charges;
- (3) Increasing finance charges, fees, and other costs; or
- (4) Increasing the required minimum payment.

Any other change to the credit card agreement modifying the manner in which the issuer and card holder resolve disputes arising out of their relationship do not become binding on the parties if the card holder, within twenty-five days of the effective date of the change, furnishes written notice to the issuer, at the address designated by the issuer, that the card holder does not agree to abide by such changes.

Use of the card after the effective date of the change of terms is deemed to be an acceptance of the new terms, even if the twenty-five-day period has not expired. Unless otherwise required by 12 C.F.R. § 226, in effect on January 1, 2005, a written change of terms notice is not required if the proposed change in terms has been communicated by the issuer to the card holder and the card holder

agrees.

Section 2. That chapter 54-11 be amended by adding thereto a NEW SECTION to read as follows:

In lieu of the card holder's right to reject certain changes in terms within twenty-five days pursuant to section 1 of this Act, the issuer may require the card holder to provide written notice of such rejection not less than five days prior to the effective date of the change if the issuer has sent notice of the proposed change in terms under this Act to the card holder not less than thirty days prior to the effective date of the change. The issuer may provide the card holder an alternative means by which to communicate the card holder's rejection of the change in terms, so long as the alternative means is not more burdensome to the card holder.

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I certify that the attached Act
originated in the

SENATE as Bill No. 109

Secretary of the Senate
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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 109

File No. _____

Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor
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The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor
=====

STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State